

ASSEMBLY BILL

No. 450

Introduced by Assembly Member Wieckowski

February 15, 2011

An act to amend Section 12440.1 of the Government Code, relating to the California State University.

LEGISLATIVE COUNSEL'S DIGEST

AB 450, as introduced, Wieckowski. California State University: audits.

(1) Existing law requires the Trustees of the California State University to maintain records of certain vendor payments for 3 years and make those records available to the Controller for postaudit review, as needed.

This bill instead would require the trustees to maintain those records for 5 years.

(2) Existing law requires the trustees to contract with one or more public accounting firms to conduct specified financial statement and compliance audits without obtaining the approval of any other state officer or entity. Internal and independent financial statement audits of the trustees are required to test compliance with procurement procedures and the integrity of the payments made.

This bill would require the trustees to contract with the public accounting firms pursuant to an open bidding process, and would specify that the Department of Finance shall have final approval over the selection of the accounting firm. It would require the internal and independent financial statement audits of the trustees to be conducted using generally accepted accounting principles. It would also delete the requirement of a test of compliance with procurement procedures and

the integrity of the payments made, and instead would require that the audits include a determination of these factors.

(3) Existing law requires at least 10 individual campus audits to be conducted on a rotating basis, and requires each campus to be audited at least once every 2 years.

This bill would delete these provisions and instead would require that in addition to an annual statewide system audit, each campus be audited at least once every year.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 12440.1 of the Government Code is
2 amended to read:

3 12440.1. (a) The trustees, in conjunction with the Controller,
4 shall implement a process that allows any campus or other unit of
5 the university to make payments of obligations of the university
6 from its revolving fund directly to all of its vendors.
7 Notwithstanding Article 5 (commencing with Section 16400) of
8 Chapter 2 of Part 2 of Division 4 of Title 2, or any other provision
9 of law, the trustees may draw from funds appropriated to the
10 university, for use as a revolving fund, amounts necessary to make
11 payments of obligations of the university directly to vendors. In
12 any fiscal year, the trustees shall obtain the approval of the Director
13 of Finance to draw amounts in excess of 10 percent of the total
14 appropriation to the university for that fiscal year for use as a
15 revolving fund.

16 (b) Notwithstanding Sections 925.6, 12410, and 16403, or any
17 other provision of law, the trustees shall maintain payment records
18 for ~~three~~ five years and make those records available to the
19 Controller for postaudit review, as needed.

20 (c) Notwithstanding Section 8546.4 or any other provision of
21 law, the trustees shall, *pursuant to an open bidding process*,
22 contract with one or more public accounting firms to conduct
23 systemwide and individual campus annual financial statement and
24 compliance audits ~~without obtaining the approval of any other~~
25 ~~state officer or entity, with the Department of Finance to have final~~
26 ~~approval over the selection of the accounting firm. At least 10~~
27 ~~individual campus audits shall be conducted on a rotating basis,~~

1 ~~and~~ *In addition to an annual systemwide audit*, each campus shall
2 be audited at least once every ~~two years~~ year.

3 (d) The internal and independent financial statement audits of
4 the trustees, *conducted using generally accepted accounting*
5 *principles*, shall ~~test~~ *include a determination of* compliance with
6 procurement procedures and the integrity of the payments made.
7 The results of these audits shall be included in the biennial report
8 required by Section 13405.

9 (e) As used in this section:

10 (1) “Trustees” means the Trustees of the California State
11 University.

12 (2) “University” means the California State University.